

PAID-UP
OIL & GAS LEASE

Lease No. _____

This Lease, made effective this 11th day of August, 2009, by and between Eagle Point Farms, LLC, whose address is 672 Whiting Road Jordan, New York 13080, hereinafter collectively called "Lessor", and New York Shale Gas, LLC, whose address is 301 Commerce Street, Suite 1380, Fort Worth, Texas 76102, hereinafter called "Lessee".

WITNESSETH, that for and in consideration of Fifty Dollars (\$50.00) per acre and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, and of the mutual covenants and agreements hereinafter set forth, the Lessor and Lessee agree as follows:

LEASING CLAUSE. Lessor hereby leases exclusively to Lessee all the oil and gas including, but not limited to coal seam gas, coalbed methane gas, coalbed gas, methane gas, gob gas, occluded methane/natural gas and all associated natural gas and other hydrocarbons and non-hydrocarbons contained in, associated with, emitting from, or produced/originating within any formation, gob area, mined-out area, coal seam, and all communicating zones, and their liquid or gaseous constituents, whether hydrocarbon or non-hydrocarbon, underlying the land herein leased, together with such exclusive rights as may be reasonably necessary or convenient for Lessee, at its election, to explore for, develop, produce, measure, and distribute such oil and gas and other associated materials as described immediately above from the Leasehold, and from adjoining lands, using methods and techniques which are not restricted to current technology, including the right to conduct geophysical and other exploratory tests; to drill, maintain, operate, cease to operate, plug, abandon, and remove wells; to use or install roads, electric power and telephone facilities, and to construct pipelines (underground) with appurtenant facilities, including data acquisition, compression and collection facilities for use in the production and transportation of products from the Leasehold or from neighboring lands across the Leasehold, to use oil, gas, and non-domestic water sources, free of cost, regardless of the source thereof, including the injecting of gas therein and removing the same therefrom; to protect stored gas; to operate, maintain, repair, and remove material and equipment.

DESCRIPTION. The Leasehold is located in the Town of Cato in the County of Cayuga, the State of New York, and described as follows:

Tax Map No

See Exhibit "A" (annexed hereto and made a part hereof)

Lands are bounded formerly or currently as follows:

On the North by:
On the East by:
On the South by:
On the West by:

including lands acquired in those certain Deeds described on Exhibit "A" and described for the purposes of this agreement as containing a total of 263.95 Leasehold acres, whether actually more or less, and including contiguous lands owned by Lessor (the "Leasehold"). This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by Lessor, by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which Lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by Lessee for a more complete or accurate description of said land.

LEASE TERM. This Lease shall remain in force for a primary term of five (5) years from 12:00 A.M. on August 11, 2009 (effective date) to 11:59 P.M. on August 10, 2014 (last day of primary term) and shall continue beyond the primary term as to the entirety of the Leasehold provided the Lessor and Lessee agree to such extension in writing to be signed by each party and any of the following is satisfied:

- (i) operations are being conducted on the Leasehold or lands pooled/unitized therewith in search of oil, gas, or their constituents with no cessation of more than sixty (60) consecutive days, or
- (ii) a well deemed by the Lessee to be capable of production of oil or gas, or their constituents in paying quantities is located on the Leasehold or lands pooled/unitized therewith and royalty payments are being made to the Lessor; or
- (iii) the Lessee extends the primary term and the Extension of Primary Term prescribed payments are made to the Lessor; or
- (iv) prescribed Shut-in prescribed payments are being made to the Lessor; or
- (v) prescribed Delay in Distributing prescribed payments are being made to the Lessor.

If Lessee's operations are delayed, postponed or interrupted as a result of any coal, stone or other mining or mining related operation under any existing and effective lease, permit or authorization covering such operations on the leased premises or on other lands affecting the leased premises, such delay will automatically extend the primary or secondary term of this oil and gas lease without additional compensation or performance by Lessee for a period of time equal to any such delay, postponement or interruption.

EXTENSION OF PRIMARY TERM. Lessee has the option to extend the primary term of this Lease for one additional term of three (3) years from the expiration of the primary term of this Lease; said extension to be under the same terms and conditions as contained in this Lease. Lessee may exercise this option to extend this Lease only by providing Lessor with written notice of Lessee's desire to extend the primary term at least 60 days before the expiration of the primary term and if on or before the expiration date of the primary term of this Lease, Lessee pays or tenders to the Lessor or to the Lessor's credit an amount equal to the initial consideration given for the execution hereof. Exercise of this option is at Lessee's sole discretion and may be invoked by Lessee where no other alternative of the Lease Term clause extends this Lease beyond the primary term.

NO AUTOMATIC TERMINATION OR FORFEITURE.

(A) CONSTRUCTION OF LEASE: The language of this Lease (including, but not limited to, the Lease Term and Extension of Term clauses) shall never be read as language of special limitation. This Lease shall be construed against termination, forfeiture, cancellation or expiration and in favor of giving effect to the continuation of this Lease where the

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circumstances exist to maintain this Lease in effect under any of the alternative mechanisms set forth above. In connection therewith, (i) a well shall be deemed to be capable of production if it has the capacity to produce a profit over operating costs, without regard to any capital costs to drill or equip the well, or to deliver the oil or gas to market, and (ii) the Lessee shall be deemed to be conducting operations in search of oil or gas, or their constituents, if the Lessee is engaged in geophysical and other exploratory work including, but not limited to, activities to drill an initial well, to drill a new well, or to rework, stimulate, deepen, sidetrack, frac, plug back in the same or different formation or repair a well or equipment on the Leasehold or any lands pooled/unitized therewith (such activities shall include, but not be limited to, performing any preliminary or preparatory work necessary for drilling, conducting internal technical analysis to initiate and/or further develop a well, obtaining permits and approvals associated therewith and may include reasonable gaps in activities provided that there is a continuum of activities showing a good faith effort to develop a well or that the cessation or interruption of activities was beyond the control of Lessee, including interruptions caused by the acts of third parties over whom Lessee has no control or regulatory delays associated with any approval process required for conducting such activities).

(B) **LIMITATION OF FORFEITURE:** This Lease shall never be subject to a civil action or proceeding to enforce a claim of termination, cancellation, expiration or forfeiture due to any action or inaction by the Lessee, including, but not limited to making any prescribed payments authorized under the terms of this Lease, unless the Lessee has received written notice of Lessor's demand and thereafter fails or refuses to satisfy or provide reasonable justification, acceptable by Lessor, responding to Lessor's demand within 30 days from the receipt of such notice.

PAYMENTS TO LESSOR: In addition to the bonus paid by Lessee for the execution hereof, Lessee covenants to pay Lessor, proportionate to Lessor's percentage of ownership, as follows:

(A) **DELAY RENTAL:** The parties hereto agree that this is a Paid-Up Lease with no further Delay Rental and/or Delay in Distributing payments due to Lessor during the primary term hereof.

(B) **ROYALTY:** To pay Lessor as Royalty, less all taxes, assessments, and adjustments on production from the Leasehold, as follows:

1. **OIL:** To deliver to the credit of Lessor, free of cost, a Royalty of the equal one-eighth (1/8) part of all oil and any constituents thereof produced and distributed from the Leasehold.

2. **GAS:** To pay Lessor an amount equal to one-eighth (1/8) of the revenue realized by Lessee for all gas and the constituents thereof produced and distributed from the Leasehold, less the cost to transport, treat and process the gas and any losses in volumes to point of measurement that determines the revenue realized by Lessee. Lessee may withhold Royalty payment until such time as the total withheld exceeds fifty dollars (\$50.00).

(C) **DELAY IN DISTRIBUTING:** In the event that Lessee drills a well on the Leasehold or lands pooled/unitized therewith that Lessee deems to be capable of production, but does not distribute producible gas, oil, or their constituents, therefrom and there is no other basis for extending this Lease, Lessee shall pay after the primary term and until such time as distributing is established (or Lessee surrenders the Lease) a Delay in Distributing payment of ten dollars (\$10.00) per acre per year for the amount of the acreage held under this lease.

(D) **SHUT-IN:** If at any time there is a well on the Leased Premises capable of producing gas, but the well has stopped being produced for a lack of a market or other good cause and this Lease is not being continued in force by some other provision hereof, then it shall nevertheless continue in force for a period of ninety (90) days from the date such well is shut-in or the date this Lease ceases to be continued in force by some other provision hereof, whichever is the later date, and prior to the expiration of such ninety (90) day period and annually thereafter, Lessee may pay or tender to Lessor an advance royalty called "Shut-In Gas Royalty" in an amount equal to \$10.00 per acre for the acreage then held under this Lease by such well and so long as such payments or tenders are so made this Lease shall continue in force and effect and it shall be considered that gas is being produced from the Leased Premises: Upon the expiration of the Primary Term, in no event shall shut-in payments maintain this Lease in force for any single period exceeding two (2) consecutive years in length or an aggregate of five (5) years per well.

(E) **DAMAGES:** While the Lease is in effect, Lessee shall remove all unnecessary equipment and materials brought onto the Leasehold by Lessee and Lessee shall return all disturbed lands on the Leasehold to such lands' pre-Lease condition at the completion of Lessee's activities and Lessee agrees to repair any damaged improvements to the land and pay for the loss of growing crops or marketable timber.

(F) **MANNER OF PAYMENT:** Lessee shall make or tender all payments due hereunder by check, payable to Lessor, at Lessor's last known address, and Lessee may withhold any payment pending notification by Lessor of a change in address. Payment may be tendered by mail or any comparable method (e.g., Federal Express), and payment is deemed complete upon receipt by Lessor. Where the due date for any payment specified herein falls on a holiday, Saturday or Sunday, payment tendered (mailed or dispatched) on the next business day is timely.

(G) **CHANGE IN LAND OWNERSHIP:** Lessee shall not be bound by any change in the ownership of the Leasehold until furnished with such documentation as Lessee may reasonably require. Pending the receipt of documentation, Lessee may elect either to continue to make or withhold payments as if such a change had not occurred.

(H) **TITLE:** If Lessee receives evidence that Lessor does not have title to all or any part of the rights herein leased. Lessee may immediately withhold payments that would be otherwise due and payable hereunder to Lessor until the adverse claim is fully resolved.

(I) **LIENS:** In the event Lessee becomes aware of any past due taxes, mortgages, judgments, or other liens and encumbrances on or against any land or interest included in the Leasehold, Lessee shall provide written notice to Lessor requesting that Lessor cure such past due taxes, mortgages, judgments, or other liens and encumbrances on or against any land or interest included in the Leasehold. In the event Lessor shall fail to cure such past due taxes, mortgages, judgments, or other liens and encumbrances on or against any land or interest included in the Leasehold within 30 days from receipt of such notice. Lessee may, at its option, pay and discharge any such past due taxes, mortgages, judgments, or other liens and encumbrances on or against any land or interest included in the Leasehold; and Lessee shall be entitled to recover from the debtor, with legal interest and costs, by deduction from any future payments to Lessor or by any other lawful means.

(J) **CHARACTERIZATION OF PAYMENTS:** Payments set forth herein are covenants, not special limitations, regardless of the manner in which these payments may be invoked. In the event of any failure of Lessee to timely or otherwise properly tender any payment required hereunder, and Lessee's failure to cure such material breach within 30 days of Lessee's receipt of written notification from Lessor regarding same in accordance with the "ENTIRE CONTRACT" PROVISION below, then Lessee may terminate this Lease providing Lessee has failed to timely or otherwise properly tender

payment on 2 or more occasions and has failed to cure such material breach. In the event Lessor exercises Lessor's option to terminate, Lessor shall provide written notice to Lessee advising of such election to terminate. Lessor recognizes and acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, can vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor hereby agrees that the payment terms, as set forth herein, and any bonus payments paid to Lessor constitute full consideration for the Leasehold. Lessor further agrees that such payment terms and bonus payments are final and that Lessor will not seek to amend or modify the lease payments, or seek additional consideration based upon of any differing terms which Lessee has or will negotiate with any other lessor/oil and gas owner.

(K) **PAYMENT REDUCTIONS:** If Lessor owns a lesser interest in the oil or gas than the entire undivided fee simple estate, then the rentals (except for Delay Rental payments as set forth above), royalties and shut-in royalties hereunder shall be paid to Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.

UNITIZATION AND POOLING. Lessor grants Lessee the right to pool, unitize, or combine all or parts of the Leasehold with other lands, whether contiguous or not contiguous, leased or unleased, whether owned by Lessee or by others, at a time before or after drilling to create drilling or production units either by contract right or pursuant to governmental authorization. Pooling or unitizing in one or more instances shall not exhaust Lessee's pooling and unitizing rights hereunder, and Lessee is granted the right to change the size, shape, and conditions of operation or payment of any unit created. Lessor agrees to accept and receive out of the production or the revenue realized from the production of such unit, such proportional share of the Royalty from each unit well as the number of Leasehold acres included in the unit bears to the total number of acres in the unit. Otherwise, as to any part of the unit, drilling, operations in preparation for drilling, production, or shut-in production from the unit, or payment of Royalty, Shut-in Royalty, Delay in Distributing payment or Delay Rental attributable to any part of the unit (including non-Leasehold land) shall have the same effect upon the terms of this Lease as if a well were located on, or the subject activity attributable to, the Leasehold. In the event of conflict or inconsistency between the leasehold acres ascribed to the Lease and the local property tax assessment calculation of the lands covered by the Lease, Lessee may, at its option, rely on the latter as being determinative for the purposes of this paragraph.

FACILITIES. Lessee shall not drill a well within 500 feet of any structure located on the Leasehold without Lessor's prior written consent. Lessor shall not erect any building or structure, or plant any trees within 200 feet of a well or within 25 feet of a pipeline without Lessee's prior written consent. Lessor shall not improve, modify, degrade, or restrict roads and facilities built by Lessee without Lessee's prior written consent.

CONVERSION TO STORAGE. Lessee is hereby granted the right to convert the Leasehold or lands pooled/unitized therewith to gas storage. At the time of conversion, Lessee shall pay Lessor's proportionate part for the estimated recoverable gas remaining in any well drilled pursuant to this lease using methods of calculating gas reserves as are generally accepted by the natural gas industry and, in the event that all wells on the Leasehold and/or lands pooled/unitized therewith have permanently ceased production. Lessor shall be paid a Conversion to Storage payment in an amount equal to Delay Rental for as long thereafter as the Leasehold or lands pooled/unitized therewith is/are used for gas storage or for protection of gas storage; such Conversion to Storage payment shall first become due upon the next ensuing Delay Rental anniversary date. The use of any part of the Leasehold or lands pooled or unitized therewith for the underground storage of gas, or for the protection of stored gas will extend this Lease beyond the primary term as to all rights granted by this Lease, including but not limited to production rights, regardless of whether the production and storage rights are owned together or separately.

EXISTING LEASES/AGREEMENTS. LESSEE AGREES THAT ITS OPERATIONS AND ACTIVITIES ON THE LEASEHOLD SHALL NOT INTERFERE WITH, IN ANY RESPECT, ANY AND ALL EXISTING LEASES AND AGREEMENTS THAT ENCUMBER THE LEASEHOLD.

TITLE AND INTERESTS. Lessor hereby warrants generally and agrees to defend title to the Leasehold and covenants that Lessee shall have quiet enjoyment hereunder and shall have benefit of the doctrine of after acquired title. Should any person having title to the Leasehold fail to execute this Lease; the Lease shall nevertheless be binding upon all persons who do execute it as Lessor.

LEASE DEVELOPMENT. There is no implied covenant to drill, prevent drainage, further develop or distribute any extracted materials permitted by this Lease within the primary term or any extension of term of this Lease. There shall be no Leasehold forfeiture, termination, expiration or cancellation for failure to comply with said implied covenants. Provisions herein, including, but not limited to the prescribed payments, constitute full compensation for the privileges herein granted.

COVENANTS. This Lease and its expressed or implied covenants shall not be subject to termination, forfeiture of rights, or damages due to failure to comply with obligations if compliance is effectively prevented by federal, state, or local law, regulation, or decree, or the acts of God and/or third parties over whom Lessee has no control.

RIGHT OF FIRST REFUSAL. If at any time within the primary term of this lease or any continuation thereof, Lessor receives any bona fide offer, acceptable to Lessor, to grant an additional lease ("Top Lease") covering all or part of the Leasehold, Lessee shall have the continuing option by meeting any such offer to acquire a Top Lease on equivalent terms and conditions. Any offer must be in writing and must set forth the proposed Lessee's name, bonus consideration and royalty consideration to be paid for such Top Lease, and include a copy of the lease form to be utilized reflecting all pertinent and relevant terms and conditions of the Top Lease. Lessee shall have fifteen (15) days after receipt from Lessor of a complete copy of any such offer to advise Lessor in writing of its election to enter into an oil and gas lease with Lessor on equivalent terms and conditions. If Lessee fails to notify Lessor within the aforesaid fifteen (15) day period of its election to meet any such bona fide offer, Lessor shall have the right to accept said offer. Any Top Lease granted by Lessor in violation of this provision shall be null and void.

ARBITRATION. In the event of a disagreement between Lessor and Lessee concerning this Lease, performance thereunder, or damages caused by Lessee's operations, the resolution of all such disputes shall be determined by arbitration in the County in which the Leasehold is located in accordance with the rules of the American Arbitration Association. All fees, costs, disbursements and attorneys' fees associated with the arbitration shall be paid by the unsuccessful party as determined by the Arbitrator(s).

ENTIRE CONTRACT. The entire agreement between Lessor and Lessee is embodied herein. No oral warranties, representations, or promises have been made or relied upon by either party as an inducement to or modification of this Lease. Any breach by Lessee of any obligation arising hereunder shall not work as an automatic forfeiture or termination of this Lease nor cause an automatic termination or reversion of the Leasehold created hereby nor be grounds for automatic cancellation hereof in whole or in part unless Lessor shall notify Lessee in writing of the facts relied upon in claiming a breach hereof, and Lessee, if in default, shall have 30 days after receipt of such notice in which to cure any such default. If Lessee shall fail to cure such default within such time period, then Lessor shall have grounds to seek termination of this Lease in a court of law, through arbitration hereunder or such other and further remedy to which Lessor may feel entitled.

TITLE CURATIVE. Lessor agrees to execute affidavits, ratifications, amendments, permits and other instruments as

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may be reasonably requested by Lessee for the purpose of carrying out the purpose of this Lease.

SURRENDER. Provided Lessee provides Lessor with 30 days prior written notice, Lessee, at any time, and from time to time, may surrender and cancel this Lease as to all or any part of the Leasehold by recording a Surrender of Lease and thereupon this Lease, and the rights and obligations of the parties hereunder, shall terminate as to the part so surrendered; provided, however, that upon each surrender as to any part of the Leasehold, Lessee shall have reasonable and convenient easements for then existing wells, pipelines, pole lines, roadways and other facilities on the lands surrendered. In the event of such surrender or of any other termination of this Lease as set forth herein, Lessee agrees that Lessee shall, within 90 days of such surrender or other termination of this Lease, remove all equipment and materials brought onto the Leasehold by Lessee and Lessee shall return all disturbed lands to such land's pre-Lease condition, and Lessee agrees to repair any damaged improvements to the land and pay for the loss of growing crops or marketable timber.

SUCCESSORS. All rights, duties, and liabilities herein benefit and bind Lessor and Lessee and their heirs, successors, and assigns.

FORCE MAJEURE. All express or implied covenants of this Lease shall be subject to all applicable laws, rules, regulations and orders. When drilling, reworking, production or other operations hereunder, or Lessee's fulfillment of its obligations hereunder are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this Lease shall not terminate, in whole or in part because of such prevention or delay, and, at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable in damages for breach of any express or implied covenants of this Lease for failure to comply therewith, if compliance is prevented by, or failure is the result of any applicable laws, rules, regulations or orders or operation of force majeure.

SEVERABILITY. This Lease is intended to be in conformity with all laws, rules, regulations and orders and interpreted as such. If any provision of this Lease is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

COUNTERPARTS. This Lease and the First Addendum may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Lease and all of which, when taken together, will be deemed to constitute one and the same agreement.

ASSIGNMENTS. The rights of either party hereunder may be assigned, in whole or in part, and the provisions hereof shall extend to their heirs, personal representatives, successors, and assigns; however, no change in the ownership of the land, rentals or royalty or the division thereof however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee. No change in the ownership or the division of the land or royalties shall be binding upon the Lessee for any purpose until thirty (30) days after Lessee shall have been furnished the instrument or instruments or recorded copies thereof resulting in such change.

FREE WILL. Be it known that Lessor has read this Lease and the decision made by Lessor in signing this Lease is made after fully researching this matter independent of any other information provided by any person or entity. Lessor agrees to sign this agreement of their own free will and Lessor was in no way coerced to sign said Lease by any person or entity.

PIPELINES: Lessee and Lessor shall pre-negotiate and agree in writing to all pipeline construction, locations, and damages.

ADDENDUMS: The FIRST ADDENDUM annexed hereto shall be a part of this Lease and shall be binding on the Lessor and the Lessee.

IF THIS LEASE BECOMES FORFEITED, TERMINATED, OR EXPIRES, THE LESSEE, OR IF THE LEASE HAS BEEN ASSIGNED, THE ASSIGNEE IS REQUIRED TO PROVIDE A DOCUMENT CANCELING THE LEASE AS OF THE RECORD, AT NO COST TO THE CURRENT LANDOWNER. IF THE LESSEE OR ASSIGNEE FAILS TO CANCEL THE LEASE, THE CURRENT LANDOWNER MAY COMPEL A CANCELLATION PURSUANT TO SECTION 15-304 OF THE GENERAL OBLIGATION LAW.

THIS IS A LEASE OF OIL AND GAS RIGHTS, NOT A SALE, CONTAINING TERMS THAT MAY BE NEGOTIATED BY YOU. YOU HAVE THE RIGHT TO CANCEL THIS LEASE WITHIN THREE BUSINESS DAYS AFTER EXECUTION OF THE LEASE BY NOTIFYING THE LESSEE THAT YOU HAVE CANCELED THIS CONTRACT. IN ORDER TO CANCEL THIS LEASE, YOU MUST EXECUTE A NOTICE OF CANCELLATION IN THE FORM PROVIDED BELOW, MAIL IT TO THE LESSEE AND REFUND ALL AMOUNTS PAID TO YOU BY THE LESSEE WITHIN THE THREE-DAY CANCELLATION PERIOD. THE MAILING MUST BE POSTMARKED WITHIN THE THREE-DAY CANCELLATION PERIOD TO BE EFFECTIVE.

NOTICE OF CANCELLATION

I/WE HEREBY CANCEL THIS LEASE.

DATED:

SIGNATURE(S):

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THE PERSON PRESENTING THIS LEASE TO YOU IS ☐ NOT ☐ A MEMBER OF THE AMERICAN ASSOCIATION OF PROFESSIONAL LANDMEN AND THEREFORE IS ☐ IS NOT ☐ SUBJECT TO A CODE OF CONDUCT. IF THE PERSON PRESENTING THIS LEASE TO YOU IS SUBJECT TO A CODE OF CONDUCT, A COPY OF THE CODE OF CONDUCT MUST BE PRESENTED TO YOU WITH THIS LEASE. IF APPLICABLE, THE CODE OF CONDUCT PROVIDES A DISPUTE RESOLUTION MECHANISM FOR ANY DISPUTE THAT YOU MAY HAVE REGARDING THE MANNER BY WHICH THIS LEASE WAS PRESENTED TO YOU. IF YOU HAVE ANY SUCH DISPUTE, YOU MAY INVOKE THE DISPUTE RESOLUTION MECHANISM OF THE CODE OF CONDUCT BY CONTACTING THE PERSON OR PERSONS DESIGNATED IN THE CODE OF CONDUCT. THE FAILURE OF THE LESSEE TO PAY ANY ROYALTIES TO YOU AS REQUIRED UNDER THE TERMS OF THE LEASE FOR A PERIOD OF FOUR CONSECUTIVE MONTHS OR MORE SHALL BE A DEFAULT UNLESS OTHERWISE PROVIDED BY LAW, AND WILL RESULT IN CANCELLATION OF THE LEASE APPLICABLE TO THE TARGET FORMATION OF THE WELL WITHIN THE SPACING UNIT, FOLLOWING WRITTEN NOTIFICATION TO THE LESSEE OF YOUR INTENT TO CANCEL AND SIXTY DAYS FOR THE LESSEE TO CURE THE DEFAULT. IF THE LESSEE HAS A BONA FIDE DISPUTE REGARDING THE GROUNDS FOR CANCELLATION, SUCH DISPUTE AND THE REASONS THEREFORE MUST BE PROVIDED TO YOU IN WRITING OR THE DEFAULT MUST BE CURED WITHIN SUCH SIXTY-DAY PERIOD, OTHERWISE THE LEASE SHALL BE CANCELED.

IN WITNESS WHEREOF, Lessee and Lessor hereunto set their hand and seal.

NEW YORK SHALE GAS, LLC

(Seal) Karl Osterbuhr, President

EAGLE POINT FARMS, LLC

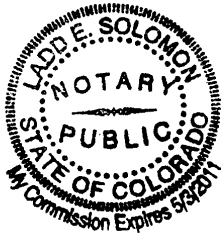
(Seal) Douglas C. Blumer, General Manager

State of Colorado

County of Denver

On the 1st day of September in the year 2009 before me, the undersigned, a Notary Public in and for said State, personally appeared Karl Osterbuhr, personally known to me or proved to me on the basis of the satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

My commission expires 05/03/2011
Signature / Notary Public Ladd E. Solomon
Name / Notary Public (print) LADD E. SOLOMON



State of New York

County of Cayuga

On the 13 day of August in the year 2009 before me, the undersigned, a Notary Public in and for said State, personally appeared Douglas C. Blumer, personally known to me or proved to me on the basis of the satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

My commission expires _____
Signature / Notary Public David N. Odell
Name / Notary Public (print) DAVID N. ODELL
Notary Public in the State of New York
Qualified in Onondaga County No. 4834831
My Commission Expires October 31, 2010

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FIRST ADDENDUM

This Addendum is attached to and made a part of that certain oil and gas lease dated August 11, 2009, by and between Eagle Point Farms, LLC as Lessor, and New York Shale Gas, L.L.C., as Lessee (the "Lease"). If any of the following provisions conflict with or are inconsistent with any of the printed provisions or terms of the Lease, the following provisions shall control. All capitalized terms used, but not defined, herein shall have the same meaning given in the Lease.

Location : Lessor and Lessee to mutually agree on all well sites, access roads and pipeline locations on these leased premises, not to be unreasonably withheld by the Lessor.

Lessor and Lessee shall negotiate and Lessor shall approve any areas of the Leasehold designated by Lessee for surface operations, well sites, pipeline locations, or access roads, and Lessor shall not unreasonably withhold such approval.

Prior to commencement of exploration, development, production activities or other proposed actions under the Lease, Lessee shall be required to obtain Lessor's prior written approval of the following: location of any pipeline(s), drill site(s), size and number of drill site(s) or well pad; equipment located on any drill site or well pad and equipment storage; location, size, type and other information concerning equipment and facilities related to exploration, development and production of oil and gas, including but not limited to pipelines, compressors, processors and treatment facilities and appurtenant equipment; location, number, size and type of access roads and vehicles to use such roads; any storage or injection of natural gas or other hydrocarbons; proposed soil preservation, remediation and reclamation; use, storage, handling and disposal of surface, well and produced water; proposed compatibility with livestock (noise, equipment, trenches, fencing, etc.); and restoration and reclamation responsibilities of Lessee, including ongoing, interim and final reclamation.

Lessee acknowledges that the leased premises are subject to a Deed of Conservation Easement granted to and currently held by New York Agricultural Land Trust (New York Agricultural Land Trust and any successor to or assignee of the Deed of Conservation Easement is hereafter referred to as "Grantee"). Lessor's consent to the foregoing shall not be unreasonably withheld, delayed or conditioned by Lessor, provided however, that Lessor may give its consent only if it determines, in consultation with Grantee, that such activities: (i) do not violate the purpose of the Conservation Easement; (ii) either enhance or do not unreasonably impair the potential for agricultural productivity associated with the property protected by the Conservation Easement, and; (iii) are not unnecessarily located on the prime, statewide important or unique soils and cannot be adequately accommodated within the Farmstead Complex. Any such agreement under this paragraph shall be evidenced by written instrument signed and dated by the parties hereto.

Prior to determining the location of a well site, Lessee shall notify Lessor, Grantee and New York State Department of Agriculture and Markets ("NYSDAM") to give them an opportunity to participate in an onsite meeting to determine any well location. The onsite meeting shall take place within thirty (30) days of receipt of said notification latest received by Lessee, Grantor and NYSDAM. If Lessee, Grantor or NYSDAM fail to agree to such an onsite meeting within thirty (30) days after receipt of notification, or if Lessee, Grantee or NYSDAM fail to attend such meeting once it is scheduled, the party that fails to attend the meeting shall waive its right to require an onsite meeting with Lessee.

Reclamation: Lessee shall construct or install any approved well sites, access roads, pipeline right-of-ways, equipment and facilities in a manner which would minimize any related soil erosion. Further, any related surface, and subsurface soil profile, reclamation shall be done in a manner which restores said land as nearly as possible to its contours and conditions existing prior to the commencement of activities under the Lease and in accordance with the NYS Department of Agriculture and Markets' Guidelines for Agricultural Restoration at Natural Gas Well Drilling Sites.

Prior to commencement of work being conducted to reclaim the well site, access roads, and all other areas disturbed by Lessee to restore the land to its former agricultural potential, the Lessee shall notify the Lessor, Grantee, and NYSDAM to give them an opportunity to

participate in an onsite meeting to review the proposed reclamation and to make recommendations, with which Lessee agrees to substantially comply.

If Lessee fails to reclaim the site as set forth herein, Lessor may complete the work at Lessee's expense.

Water Quality: In the event any activity carried on by Lessee pursuant to the terms of the Lease damages, disturbs, or injures Lessor's fresh water well or source located on the leased premises, Lessee shall at its sole cost and expense restore the same to the condition that existed prior to the commencement of the activities under the Lease.

In the event any activity carried on by Lessee pursuant to the terms of the Lease damages, disturbs, or injures Lessor's fresh water well or source located on the leased premises, Lessee shall at its sole cost and expense restore the well or water source to the condition that existed prior to the commencement of the activities under the Lease. A comprehensive baseline study, to the reasonable satisfaction of Lessor and at the expense of Lessee, shall be made to establish the current quality and quantity of the water. The baseline study may be used by Lessor or Grantee to establish that a change in the character of the water has occurred, but its existence shall not preclude the use by Lessor or Grantee of other evidence to establish the condition of the water as of the date of the Lease.

Workman-Like Manner: Lessee represents and warrants that all of its work on the Leasehold will be done in a good and workman-like manner.

Lessee agrees and acknowledges that Lessee has, in full force and effect sufficient and appropriate Workers' Compensation insurance as required by New York State and that such insurance shall be maintained by Lessee during the entire term of the Lease.

Ad Valorem Taxes Clause : Lessee and Lessor agree to pay their proportionate share of ad valorem taxes attributable to, or resulting from, the assessment of oil and gas due to production from the Leasehold.

Insurance : Lessee hereby agrees and acknowledges that Lessee has, in full force and effect, liability and comprehensive insurance for its operations and any activities on the Leasehold in amounts deemed reasonable and necessary with industry standards with respect to the activities and/or operations Lessee shall undertake on the Leasehold and that Lessee shall maintain such insurance during the entire term of the Lease. Within 10 days prior to commencement of any activities and/or operations on the Leasehold, Lessee shall provide copies of such insurance policies showing Lessor as an additional insured under such insurance policies.

Hold Harmless Agreement : Lessee, its successors and assigns, agrees to indemnify, defend and hold harmless the parties herein designated Lessor, and each of them, from and against any and all claims, losses, liabilities, fines, costs, expenses (including attorneys fees and expenses) resulting from or arising out of or in connection with operations of or for Lessee, its agents, contractors, or subcontractors hereunder, regardless of the cause of such claims, losses, liabilities, fines, costs, or expenses. Lessee shall indemnify, defend and hold Lessor harmless for any pollution of the land in connection with its operations. Lessee's agreement herein shall be in addition to, and not restricted by, any liability which Lessee may otherwise have to Lessor. If any legal action, proceeding or suit is commenced against Lessor and if Lessee shall fail to assume the defense of any such legal action, proceeding or suit on behalf of Lessor, then Lessor may defend, through counsel of its own choice, such legal action, proceeding or suit and, in such event, Lessor shall be entitled to indemnification from Lessee for any and all costs, expenses, disbursements and attorneys' fees incurred. Lessee agrees it will protect and save and keep Lessor harmless and indemnified against and from any penalty or damage or charges imposed for any violation of any laws or ordinances, whether occasioned by the neglect of Lessee or those holding under Lessee, and Lessee will at all times protect, indemnify and save and keep harmless the Lessor against and from any and all loss, damage or expense, including any injury to any person or property whomsoever or whatsoever arising out of or caused by any negligence of the Lessee or those holding under Lessee.

Settlement of Claims: No action, claim, proceeding or suit for which indemnification is asserted or permitted pursuant to the Lease shall be settled or compromised by Lessee without the prior written consent of Lessor.

Assignment Notice: Notwithstanding anything in the Lease to the contrary, in the event Lessee desires to assign the Lease to another party then Lessee agrees that it shall (a) notify Lessor in writing prior to such assignment; (b) be subject to Lessor's prior approval of such assignment which shall not be unreasonably withheld; and (c) the notification from Lessee shall contain the assignee's full and complete information (i.e., name, address, contact information, etc.)

Fence Clause: Upon Lessor's written request, Lessee shall at it's sole cost, expense and design install fencing and gates for the protection of livestock around any well site(s) or facility(ies) installed on the Leasehold.

Governing Law: The Lease shall be governed by New York law and any action is to be maintained in the county in which the Leasehold is located.

Requests: Lessee is required to put all requests to Lessor in writing.

Notice: All notices required or permitted by the Lease or any Addendum thereto, and any and all other notices given by one party to the other, shall be in writing and delivered in person, by third party courier (including overnight courier service such as Federal Express) or by certified mail, return receipt request, postage prepaid, properly addressed to the party or person to whom notice is to be given, at the following addresses:

If to Lessor: Eagle Point Farms, LLC
672 Whiting Road
Jordan, New York 13080

If to Lessee: New York Shale Gas, LLC
301 Commerce Street
Suite 1380
Fort Worth, Texas 76102

Notice shall be deemed to have been given upon the earlier of receipt by recipient or postmark by the U.S. Postal Service.

Pipeline – No Foreign Gas : Any pipelines constructed pursuant to the terms of the lease shall be for transporting oil and/or gas from a well(s) drilled on the leased premises or lands pooled therewith.

Release Upon Termination: Upon written request by Lessor at the termination or any partial termination of the Lease, Lessee shall prepare, execute and deliver to Lessor a recordable release of such acreage.

Proceeds: It is agreed between the Lessor and the Lessee that, notwithstanding anything to the contrary contained herein or in the Lease, all oil, gas or other proceeds accruing to the Lessor under the Lease or by state law shall be without deduction, directly or indirectly, for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, and distributing the oil, gas, and other products hereunder and under the Lease to transform the product into marketable form; however, any such costs which result in enhancing the value of the marketable oil, gas or other products to receive a better price may be deducted from the Lessor's share of production so long as such costs are based on Lessee's actual cost of such enhancements. However, notwithstanding anything to the contrary contained herein or in the Lease, in no event shall Lessor receive a price that is less than, or more than, the price received by Lessee.

Pipeline Depth : All oil or gas pipelines shall be buried a minimum of forty eight (48) inches below the soil surface. Lessee Agrees to a two year monitoring and remediation plan (on cropland only, to include pasture land) in accordance with the guidelines by New York State Department of Agriculture and Markets for Pipeline Right of Way Projects.

Surface Storage: The Lease does not provide Lessee with any rights to surface storage on the leased premises unless Lessee deems said surface storage necessary to operate a well(s) on the leased premises.

Operations: Lessee's operations on the Leasehold shall be in compliance with all applicable federal, state and local regulations including, without limitation, regulations promulgated by NYSDAM, NYALT, the local county Soil and Water Conservation District and the USDA-NRCS.

Bond: Prior to commencement of any operations under the Lease, Lessee shall provide to Lessor either a performance bond or an irrevocable letter of credit in the amount of \$25,000.00. Such bond or letter of credit shall be in a form reasonably acceptable to Lessor, payable to Lessor on demand, and valid until all of Lessee's obligations in respect to the Lease and this Addendum have been fulfilled. Any letter of credit shall be drawn upon a bank reasonably acceptable to Lessor in U.S. dollars, with a branch presentable in a city in the United States within 15 miles of Lessor. Lessor may draw against, or upon, as the case may be, such bond or letter of credit to cover any failure of Lessee to fulfill its obligations under the Lease or the Addendum. Such bond or letter of credit shall in no way be deemed a limitation on remedies, including monetary damages incurred in connection with Lessee's activities and/or obligations under the Lease.

[Signatures and Notaries on Following Page]

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IN WITNESS WHEREOF, Lessee and Lessor hereunto set their hand and seal.

NEW YORK SHALE GAS, LLC

(Seal)

Karl Osterbuhr, President

EAGLE POINT FARMS, LLC

(Seal)

Douglas C. Blumer, General Manager

State of Colorado

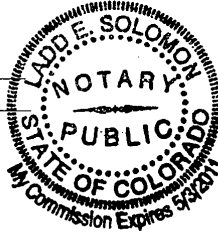
County of Denver

On the 1st day of September in the year 2009 before me, the undersigned, a Notary Public in and for said State, personally appeared Karl Osterbuhr, personally known to me or proved to me on the basis of the satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

My commission expires 05/03/2011

Signature / Notary Public Ladd E. Solomon

Name / Notary Public (print) LADD E. SOLOMON



State of New York

County of Columbia

On the 13 day of August in the year 2009 before me, the undersigned, a Notary Public in and for said State, personally appeared Douglas C. Blumer, personally known to me or proved to me on the basis of the satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

My commission expires _____

Signature / Notary Public [Signature]

Name / Notary Public (print) _____

DAVID N. ODELL
Notary Public in the State of New York
Qualified in Onondaga County No. 4834831
My Commission Expires October 31, 2010

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Exhibit "A"

Attached hereto and made a part of that certain Oil and Gas Lease dated August 11, 2009, by and between Eagle Point Farms, LLC as "Grantors" and New York Shale Gas, LLC, as "Grantees"

64.00-1-43.11 (49.20ac) 1328/168

North: 64.00-1-20.2
South: 64.00-1-43.2 + 64.00-1-43.3 + Bonta Bridge Road
East: 64.00-1-42
West: 64.00-1-21 + 64.00-1-40

64.00-1-42 (62.00ac) 1328/168

North: 64.00-1-43.11
South: Bonta Bridge Road + 64.00-1-47.2
East: 64.00-1-50.11 + 64.00-1-53
West: 64.00-1-41

64.00-1-55.1 (77.00ac) 1328/168

North: 64.00-1-34.1
South: 64.00-1-53
East: Jorolemon Road
West: 64.00-1-56

72.00-1-5.11 (75.75ac) 1328/168

North: 72.00-1-15
South: 72.00-1-15
East: Blumer Road + 72.00-1-05.2
West: 72.00-1-01.111 + 72.00-1-02.2

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